

**Minutes of the Study Session of the Board of Trustees
San Mateo County Community College District
September 4, 2007
San Mateo, CA**

The meeting was called to order at 4:32 p.m.

Board Members Present: President Hausman, Vice President-Clerk Holober, Trustees Mandelkern, Miljanich and Schwarz, and Student Trustee Young

Others Present: Chancellor Galatolo, Executive Vice Chancellor Keller, Skyline College President Morrow, CSM President Claire, and Cañada College President Mohr

Pledge of Allegiance

STATEMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

None

INFORMATION REPORTS

STUDY SESSION: FACILITIES UPDATE (07-9-1C)

José Nuñez, Vice Chancellor of Facilities Planning, Maintenance and Operations, introduced the team that would make the presentation: Executive Director Rick Bennett and Project Manager Mary Ann Duggan from the Construction Planning Department, and Jeff Gee, Leigh Sata and Mark Smolley from Swinerton Management and Consulting. Vice Chancellor Nuñez said the team would report on the status of current projects and on the design-build projects at College of San Mateo and Skyline College. He then gave a brief synopsis of the current status of projects at Cañada College, College of San Mateo and Skyline College.

Rick Bennett opened the discussion regarding the design-build process. He explained that for the second phase of the Capital Improvement Program (CIP 2), the District is following the prescribed process to select design-build teams for the CSM and Skyline projects included in the Facilities Master Plan. This process was very successful during the first construction phase, resulting in the design and completion of several projects. However, the construction market has changed substantially since that time. While three teams plus one alternate per campus were pre-qualified, one team for each campus has withdrawn and it is possible that others may withdraw. This is because the construction industry is overburdened with work at this time.

Jeff Gee next addressed the current industry context. He noted that there are many projects currently being planned or constructed and the industry is approaching 100% employment, creating a particularly high demand for skilled trades workers. The District is competing with private, negotiated bid projects such as hospitals and airports, and many of them are in San Mateo County. Mr. Gee also said that the Education Division of Swinerton Management and Consulting is bidding \$250 million in 2008 for projects in the Bay Area.

Mr. Gee said that Swinerton Management and Consulting conducts a thorough review and analysis of all proposals in terms of responsiveness and cost. They also study the logistics of each project to ensure that it will not negatively impact academic programs and operations, and that the projects are in alignment with academic needs.

Mr. Gee concluded his remarks by asking for Board guidance regarding any concerns they have as the design-build process moves forward at CSM and Skyline.

President Hausman inquired about legal constraints regarding design-build language. Mr. Gee explained that California State Assembly Bill 1000 gave the District and three other districts authority to use the design-build method with any project over \$10 million within a very prescriptive process; the District has followed that process and continues to do so. He added that there is currently a new bill which seeks to allow all community college districts to use the design-build method.

Vice President Holober asked if it is permissible to reopen the process at this time in order to seek more respondents. Vice Chancellor Nuñez said that it could be reopened but in doing so, the District would very likely lose the remaining firms while new respondents may or may not be identified, and costs would escalate during the time the process is repeated. The time needed to repeat the process would be six-eight months at a minimum.

Trustee Mandelkern expressed concern that if there is only one design-build team to choose, the District would lose the value of different design ideas from multiple teams. Executive Director Bennett said that the Planning team has seen very creative ideas from the teams that have remained, and Leigh Sata added that the teams are building upon previous design ideas prepared by the bridging architects.

Vice President Holober asked about the effect of increasing the stipulated sum and design stipend. Chancellor Galatolo said that the design stipend is currently \$70,000 and one design-build team requested that it be raised to \$300,000, with no guarantees that they would ultimately respond to the District. Leigh Sata added that the teams that have dropped out could protest that they would not have withdrawn had the stipulated sum been raised prior to their withdrawal.

Trustee Mandelkern said he is concerned about the possibility of not being able to complete all of the projects in the Facilities Master Plan. Chancellor Galatolo said plans are regularly updated based on costs and market conditions. He said that the current budget reflects a \$10 million shortfall; however, it is still very early in the process and budget adjustments are forthcoming to realign the project scope with the budget. Also, additional dollars will be available from interest on issued debt. It is also possible, and even likely, that the District will receive State funds that aren't recognized yet in the budget.

Trustee Schwarz said she is pleased to see that the District's partnership with Swinerton under the design-build delivery method is working well. Vice Chancellor Nuñez added that there is collaboration with the College presidents as well.

Vice President Holober asked if costs are locked in at the time a contract is signed or if the design-build teams can adjust costs if the price of materials increases. Executive Director Bennett responded that escalation clauses are added to the contracts. Firms have a choice of (1) indexing a certain number of materials costs, or (2) receiving a lump sum amount with no future adjustments. Currently, we are experiencing an annual escalation rate in construction costs of approximately 8%.

Trustee Mandelkern asked if there is crossover of skilled workers from the residential sector to the commercial. Mr. Gee replied that there is not a lot of crossover and that it doesn't work well because the skills and abilities are very different for classroom/office construction and residential. Barbara Christensen, Director of Community/Government Relations, added that there are not many union residential builders and those that do exist are moving into office/commercial work because of the slow-down in residential work. For example, Devcon Construction, which was the contractor for College Vista, has declined to bid on the new faculty/staff housing project at Cañada College.

Chancellor Galatolo thanked the Board for their input and guidance.

ADJOURNMENT

It was moved by Trustee Schwarz and seconded by Trustee Mandelkern to adjourn the meeting. The motion carried, all members voting "Aye." The meeting was adjourned at 5:29 p.m. The next meeting of the Board will be a Regular Meeting on September 26, 2007 at 6:00 p.m. in the District Board Room.

Submitted by

Ron Galatolo
Secretary

Approved and entered into the proceedings of the September 26, 2007 meeting.

Richard Holober
Vice President-Clerk